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APA - Apache Corp at Barclays CEO Energy-Power Conference

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Tom Driscoll *Barclays - Analyst*

PRESENTATION

Tom Driscoll - *Barclays - Analyst*

Good morning. Thank you all for coming to day two. I'm Tom Driscoll with Barclays, for those of you I don't know.

Hey, we're very pleased to have John Christmann with us this morning. John is CEO and President of Apache. He's been in that role since the beginning of 2015, been at Apache for many, many years. A lot going on, a lot of changes, and I want to thank John for new news today, which I'll turn it over to John to talk about.

John Christmann - *Apache Corp - President and CEO*

Okay. I'm going to step down off of this stage. Well, good morning. Thank you for getting up early and joining us today. Many of you may have seen our press release, and we've got some pretty exciting news. I'm going to start out and talk about really what has enabled that. Before I do that, I need to take you to my forward-looking statement. If I took the time to read it, I wouldn't have any time to tell you anything about what we're doing. So I would encourage you, if you have not done so, to go to our website at www.apachecorp.com.

We'll walk through our corporate strategy, what has really put us in the position we're in today, the things we've been doing over the last 18 months. I'm going to dive in and do an update on our Permian Basin, talk a little bit about the Midland Basin and the Delaware Basin, and then we'll get to what the press release this morning is about, kind of what's made that happen. It's what we believe is the next resource play in the Delaware Basin, and it's the Alpine High. And then, I will conclude with kind of a preview as to what are the ramifications and implications on 2017 for Apache.

So, first and foremost, our corporate strategy over time is predicated on living within cash flow. Now, obviously we have built tremendous liquidity, and there are periods when you should be in a position to over-invest. But I think, over long time horizons, as an energy industry, we must live more within cash flow than we've historically done.

We have a very strong inventory of short-, medium-, and long-term projects across our global portfolio. And what we've done is integrated a very dynamic planning and centralized capital allocation process. And you're seeing the results of that. Without that, what I'm going to talk about later today would not have been possible.

Our growth is going to come from our unconventional North America. And we've always said that would be the case. It's going to be anchored on the Permian, and you're going to see about a new play in the Delaware here shortly. We believe we're going to be able to show visible, long-term production and cash flow growth, and today we're going to unveil that we have the ability to find new plays organically, which is a rarity in today's market.

Our cash flow will continue to come from our conventional North American assets, as it has always done, as well as our world-class international businesses in the North Sea and Egypt, where we have the abilities to sustain cash flow for many, many years. And quite frankly, those are world-class assets in a business where we have the ability to continue to grow and have exploration potential, as well.

As I mentioned, we have a strong financial position. We have very little maturities due between now and 2020, and we have over \$4.7 billion in liquidity. And the big thing is we're going to actively manage our portfolio, and we're going to allocate capital on a long-term basis using fully burdened economics on a (ph) rate of return.



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So, today really is the culmination of a transformation that's been underway for several years. Apache has gone from a company that historically used cash flow to build a war chest to buy things, and then we could grow internationally from there, to a day today where we have the ability to grow organically in North America.

You ask kind of how that happens. I mean, it -- we now have the ability through creative and innovative exploration capabilities to find new plays in North America. Part of this has happened as we've gone from a regional capital allocation process to now a centralized process, where we're integrated with the teams, and really putting the capital in the best places.

I mentioned we have a balanced portfolio. We have world-class businesses in Egypt and North Sea that provide cash flow. We have conventional assets in North America, the Central Basin platform, the Anadarko Basin, Canada, that also provide cash flow. Our growth is going to come from the Midland Basin and the Delaware Basin, and we have the potential to grow in the Montney and Duvernay, potentially the Eagle Ford, as well as home run potential potentially early next year in Surinam that we're very excited about, as well.

Now I'm going to go into the Permian. We have 1.75 million net acres in the Permian. And what will jump out at you, what's new today, is the large block of acreage in southern Reeves County. Now, that's something we've been putting together over the last two years. I'm going to talk about that in detail in a few minutes.

We are the number three acreage holder and number three producer in the Basin. 96% of our acreage is HBP if you exclude the new Alpine High acreage. Our second quarter highlights, our second quarter 2016 production was 165,000 BOEs a day. If you go back to the peak, when we were running 40 rigs in the Permian in the fall of 2014, we only produced 172,000. So, after two years of drastic capital cuts, to be at 165,000, it underscores the quality of our asset base, the low decline, and how premium our Permian assets really are.

Our growth is going to come from the unconventional projects in the Midland Basin and the Delaware. And I think if you look at the last downturn, the last 18 months, we've got several things that we can be proud of. We have discovered and captured the Alpine High, which I'm going to get into in a few minutes. We've significantly cut our well costs.

If you go back to fall of 2014, they're down almost 50% in most of our areas, as well as our LOE, G&A, and everything else, significant cost progress. We've improved our well results through better completion practices, and I'm going to show you some of those in the next couple slides. And then, most importantly, we've built, expanded, and high-graded inventory.

So, if you look at our acreage today, it's in the gold on this map, it breaks down now across the three basins within the Permian. Central Basin platform, we have 739,000 acres. Our Midland Basin -- and these are net numbers -- they get you to the 1.75 million. We have 443 in the Midland Basin, 451,000 in the Delaware, and 97,000 in what would be the Val Verde and some other areas.

So, now let's talk about the Midland Basin. We get lots of questions about the Midland Basin. We basically said at the start of this year and last year it was not the time to drill development wells. And it's going to become more clear as I roll through this presentation.

This shows our acreage position. We have done some small trades and have blocked up some core positions. We have 193,000 acres in the gold in this four-county area. It does not include what would be the Glasscock Nose (ph), which we've lined there. In gray you'll see where some of the recent transactions have been on acreage, ranging from 20,000 to 40,000 acres, \$20,000 to \$40,000 per acre. So, you see we're in a very, very strong neighborhood.

If you take a high graded set at \$50, three zones in the Wolfcamp, one in the Spraberry Shell, six-by spacing in the Wolfcamp, eight-by spacing in the shale on the Spraberry side, we get 700 locations that are very economic at \$50. And I can tell you, our most recent wells would be well over 100% rate of return on a fully burdened basis.

If you go to \$60, you go to more industry standard, four to five landing zones, eight to 10-by spacing versus six, two landing zones in the Spraberry Shell, or 10 to 12 spacing, that number grows from 700 to almost 3,200 locations. So, we're very excited about our Midland Basin program. In July we added a rig back in there, and we're excited about that. You'll see us continue to do that as we move forward.



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This shows well results, and I'm going to show you what is really our last five wells on this curve. We've got two type curves plotted that are really industry curves. There's a 1.0 million barrel curve and a 1.2 million barrel curve. And this is a cume versus time plot.

If you look at the gold, you'll see three wells that were -- or two wells that we're just targeting in terms of the performance. They're tracking close to the 1.2 million barrel curve. And then, you see with going back to more of an industry standard completion, we had tried some things with hybrids to try to cut costs. Going back to the targeting, as well as the slick water, some higher water volumes and some different sand concentrations, you see now we're actually outperforming. So, we're very excited about our last POLs (ph) and excited about our future potential in the Midland Basin.

If I go to the Delaware, once again now we have 420,000 net acres. If you look at this map, I'm going to talk about really what's been our laboratory in our Pecos Bend and Waha areas. We've drilled a lot of wells in the Bone Springs, at Pecos Bend, and the Wolfcamp at Waha. If we add these three areas, we've got about 12,000 net acres. And the nice thing is, with now three landing zones in the Bone Springs at Pecos Bend, a couple lone (ph) zones in the Wolfcamp at Waha, just this 12,000 acres, we can keep two rigs busy for over five years and have over 200 locations.

The thing I will say additionally is our well costs I think are industry-leading here. We've been drilling our laterals for around a little over \$4 million. And I think industry's been in the \$5 million-plus to \$5.5 million range. So, our well costs are lower.

If you look at the performance here, there's two type curves. Once again, a peer company type curve at 600,000 barrels and one at 500,000 barrels, and once again, it's a cume versus time graph. And what you see is we're targeting, and this is a batch of 20 wells. We've been tracking in between the two curves. And with the integration of 3D seismic into our completion processes, what this has enabled us to do is change some of the water cuts. You see the performance improvement, and actually significantly better than what would be those industry type curves. I'm going to talk about the big block of acreage south, southern Reeves, in a few minutes.

So, if you look through the downturn, we really -- I think everybody would agree that Apache had played very good defense. You've seen our improvements in our numbers each quarter, but I'm going to show you we've also been playing offense. And we're very excited about where we sit today. We completed a strategic portfolio review. We were able to sell our LNG and our Australian assets. This enabled us to pay down our debt quickly and really bolster our liquidity position ahead of the major drop. It aligned us very well.

We responded quickly and aggressively to reducing our activity levels to mirror current cash flow. You go back to the fall of 2014, we were running 93 rigs. We got down as low as four, and we were cash-neutral second quarter of 2015. So, what we've been able to do is preserve our financial position and really live within our means for well over a year now. And as a result, with the capital allocation process, it's been able to let us allocate some dollars in some areas and really take some giant strides without having to do some other things.

The other thing is we preserved our high margin volumes, like in the Permian, and we let some of our other lower margin areas decline. So, while we came out with letting North American production come down this year, it was really some of our lower margin barrels that were going to decline. I mean, what this has done is really set us up and positioned us for the long-term. We're in a position now that we can redirect capital back to North America. We've allocated a high percentage in 2015 and 2016 of our capital to strategic testing, and it's enabled us to expand and de-risk inventory.

It's interesting. I had a meeting with a couple of executives from Core Lab late last week. They said if you look back 2015, Apache was our number one customer, and that's worldwide. And they said the interesting thing was all of your dollars were directed to North American unconventional resources. So, hands-down, you've been investing more in this downturn than anybody in core analysis and thoughtful work.

What this has enabled us to do is really focus our capital on strategic things, and we're in a position now where we can announce something, and we avoided in 2015 and 2016 having to go to the equity market, as well as cutting our dividend. We've leveraged the innovation of our technical expertise, and now we have a new organic play that we're going to talk about next. And we did it at a very, very low entry cost.

So, before I do this, there's a team that I really am going to give a lot of credit to, because it takes unique individuals, and I think some of them are the business's very best to uncover something like this, but I'm also going to thank all the Apaches around the world, because without all the hard



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work and effort, all the cost-cutting, every barrel we squeeze, it let us put our opportunity set into this -- what is now the next resource play, the Alpine High, it wouldn't be possible. So, this truly is an Apache discovery, and I'm proud to tell you it was a team -- a team approach, and everybody's had a hand in it even if they didn't know they had a hand in it.

And sitting in with me today is Steve Keenan. He joined us in 2014. He's been able to build an organization in San Antonio that, quite frankly, I'll put up against any organization in the business. And with Steve, or Chester Pipritza (ph) and Abney Bell (ph), two of his team members, they're going to be here for the Q&A in terms of later in the day in sort of our one-on-one. So, I'd encourage you to come ask some questions.

So, now let's talk about Alpine High. It is a world-class resource play. We have a contiguous 307,000 net acres. This was very, very deliberately put together over the last 18 months. It really is almost 20% of Reeves County, which is pretty amazing when you think of Reeves County being in the hottest basin in the world, and in the Delaware. We control 352,000 gross acres, the vast majority of the play. We were able to put this together at under \$1,300 a net acre, which is just amazing.

I said it's a world-class resource, source rock. I'm going to show you that in a minute. In the Woodford, the Barnett, and the Pennsylvanian, we have 4,000 to 5,000 feet of stack pay in the wet gas and oil window. The estimated resource in place for the Barnett and Woodford only, and this is a conservative number, is 75TCF of really rich gas, over 1,300 BTU, and three billion barrels of oil. We also have confirmed oil bearing potential in the Pennsylvanian, the Wolfcamp, and the Bone Springs. And I'm going to show you some of those in a few minutes.

If we take just one landing zone on a high graded portion of this acreage, we have 2,000 to 3,000 plus, and this is one in the Woodford and one in the Barnett. When you see the thickness of this, you're going to realize we probably could put three landing zones in each easily. But, just one will give you 2,000 to 3,000-plus locations, very, very low cost. What's going to make this play really stand out is the quality, the thickness, and the cost structure, very, very highly economic wet gas play.

And there is material upside both in the Woodford and the Barnett for more landing zones, as well as the Penn, the Wolfcamp, and the Bone Springs. This really is a giant onion that is going to take us years and years to peel back and uncover. The Woodford and Barnett alone can support a six-rig program for over 20 years. We've currently drilled 19 wells. We have nine on production that I'm going to get into some of those results in a minute, as well.

But first, the position. Second half of 2015, when things were kind of at their worst and we were scratching for dollars, we went out and leased 182,000 acres in southern Reeves County, and that acreage is shown here on the map. This year we've gone in and really filled in and expanded the margins.

So, how did something like this happen? You look at -- this map shows the Delaware Basin, Reeves County. It shows the southern portion. It shows well count activity. If you look back in the 1970s, 1980s, there are almost 500 vertical wells drilled. There are very few wells drilled down in southern Reeves. You go now to the -- post-2010, there's been about 500 wells drilled. There's a big [way] that runs from the northwest-southeast, the blue that's been marching more towards this direction. And the real answer was it is just geologically complex, and it took some unraveling and a lot of good, unconventional technical work. You had to test perceptions. The perception was that this was uplifted and complex. The reality is it's a stable Paleo high, and it was always in the oil and wet gas window. It's not dry gas.

The reservoir quality was perceived to be clay, like the deeper portions of the Barnett and Woodford. The reality is it's very low clay content. And if you look, this area just received minimal focus from the industry. And there've been 118 wells penetrate the Barnett and Woodford, but very few completions even attempted. And it's kind of fascinating. Some of the logs that were key to us were some of the very early Arko mineral wells from -- going way back, and back when they were drilling the heavy-heavy mud weights. So, it's just a fantastic story, and it took a very unique team doing some very detailed work over a long time to uncover the surprise.

If I go back in Woodford time and reconstruct, much like the Arkoma Woodford, the SCOOP/STACK, the Alpine High was -- it was very much a similar situation. The difference here was it sat on a Paleo high. It was on a shelf, which enabled it to have less clay content as you moved into the deeper portion of the Basin. What actually happened was, in Permian time, the Delaware subsided away from the Alpine High. Many believed it was always down low and lifted up because there was a lot of movement post-Permian time.



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But, if you go to the center portion of this and you see from 9,000 feet to 13,000 feet, you're in the oil and wet gas window. The Woodford, Barnett, Penn, Wolfcamp and Bone Springs were always in that prime window. They were never deep and buried like what you have as you move more from the Southwest to the Northeast. And everything (ph) is the clay content. Your clay content is fantastic here. You're in the 10% to 20% range. This is a world-class resource.

Another thing (ph) to have world-class resource and to have a big play is you have to have continuity and running room. This is a 65-mile cross section showing the Woodford, a Mississippi-aligned barrier which is a really strong hydraulic fracture barrier. And then, the Barnett, and what you see is -- and a lot of these are very old logs -- 65 miles you've got reservoir consistency, continuity, which is going to lead to very repeatable and predictable drilling results and targets. So, we're very excited about this play.

I'll drill down in, take a look at two of the modern logs, and I think it's going to blow you away. The Mont Blanc 1H and the Spanish Trail 1H, these wells are 20 miles apart. The Spanish Trail 1H really would be our first confirmed discovery well where we validated the concept of being able to produce from the Woodford horizontally in this area in the wet gas window.

But, if you look at this section, we've got 4,000 to 5,000 feet. It's in the wet gas and oil window. You look at the log properties, it is world-class. As you move through three transgressive source rock sequences, the Woodford, the Barnett, and the Pennsylvanian up into the wet gas window, we still are there a little bit with the Wolfcamp, and then you move into the oil window as you move into the Bone Springs.

And so, quite frankly, most of our wells have been delineating in the Woodford. We've got one in the Barnett that I'm going to talk about, and one in the Bone Springs. So, we're very early in starting to understand how big this is going to be and what these other formations are going to add to this resource count that I showed you just for the Woodford and the Barnett.

I've said it's world-class. This would compare it versus three -- what other people would view as world-class resources, the Woodford Scoop, the Marcellus, and the Eagle Ford. TOC is strong. It stacks out as well as anything. Look at the clay content, 10% to 20%. Look at the porosity, 8% to 12%. What jumps out at you, though, is the thickness, 550 to 1,100 feet just in the Woodford and the Barnett. You add the Pennsylvanian to this, which we also believe is a source rock, you've got another 500 feet. So, you could have up to 1,600 feet of true source rock, which then makes us tower over some of these other plays. It's in a perfect window, 10,000 to 13,000 feet. It is world-class.

Let's talk about well results. The first thing I'm going to say, every one of these wells are 4,100 foot laterals. The first well was a concept test. The other wells have been drilled on hazards. The numbers I'm going to show you are off of these wells' performance. We have not tried to drill our best well yet. We have not varied the completion. We have not changed a thing. These are drilled to help us delineate the geologic settings of this play.

The Spanish Trail 1H, the discovery well in the Woodford, 4,100 foot lateral, 6.5 million, 108 barrels of oil. I'll tell you, this is a very high quality oil. I'm going to shed (ph) a little bit on it in a minute. It is an oil. And I've got a slide on this in just a second. This is 57 degree API, and we are receiving full WTI for it.

The follow-on wells, the Weissmeis, the Ortler, the Mont Blanc, the Cheyenne, you see the results. The Ortler is actually on a -- in an area where we knew it was on a fault because we wanted to test this, 1.7 million in 2016 oil. The Mont Blanc is in a little deeper section. That's not a misprint, 17 million a day, 24 barrels of oil. You look at the -- the other thing I'll tell you is this gas is very rich, 1,300 BTU gas. So, you look at the NGL estimates, we've been able -- we've been constrained off of (ph) facilities on the testing, but this is going to be very, very rich NGLS, as well as the oil.

The Cheyenne, 6.5 million a day, 227 oil. We'll move down -- the only Barnett test, the Mont Blanc 3H, 11.4 million a day, 508 oil. You could see the NGL yield. I'll tell you, this well was a lot higher, but it cut all the chokes out, so this IP is likely much higher than this. It stabilized at these rates.

The most recent well to come up the curve has been the Fox State 1H. It's now over seven million a day, 72 oil. And this is really, really rich gas, 1,300 BTUs, and really, really a special oil.

Talk about the oil. I just showed you the Woodford. The Barnett looks just like it. If you look at this, what will jump out at you is the C7 -- the C17 makeup of this oil. There's no paraffin, there's no H₂S, really with simple breakdown, it breaks down into 92% refined gasoline and diesel. 58%



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gasoline, 20% jet fuel and kerosene, and 14% diesel, and then 8% vacuum gasoline oil. It is a very special oil, and there's a lot of it. Nav (ph) and the guys put a little video together that we showed to the Board, where they had a weed eater, took this oil out, poured it in, fired it up, no smoke, nothing, ran just off of the oil. So, it'll give you an idea of how quality it is. We're very excited about it.

The other thing is it's a true resource. Unlike the other plays in the Delaware that continue to produce high water rates, the water in the Woodford and the Barnett here we've introduced. And you can see on the curves it goes away. We'll eventually produce (ph) that back. And so, like a true resource rock, it's contained and sealed, and the water is what we introduced, and then produce out. So, what that's going to do is it's going to lead to much, much higher recoveries, lower operating cost, and lots of benefits, because it is a true resource.

Let's talk about economics, and these are really what I would call scoping economics, because these are on the 4,100-foot laterals. We have not tried to optimize yet. The low is what I'll call normal pressure. The high is going to be the higher pressure. We've got two areas where we've got significantly higher pressure. But, we believe the well costs to date have been \$5.5 million in the normally pressured area. We believe we're going to get those costs down under \$4 million.

In the higher area, we've got about \$8 million. We think we're going to be under \$6 million. You look at the EURs just off of these short laterals, and not with optimized fracs, and not in ideal places in this reservoir. We're looking at 1.1 million barrels to 2.7 million barrels. And you look at the oil, NGLs and gas, very, very rich, and tremendous economics.

If I go down to the economics at \$50 WTI and \$3 Henry Hub, the PV10 just off of these scoping economics, and these are fully burdened, not just wellhead economics, you see a PV10 of \$4 million to \$20 million, tremendously economic. And if you look at the rates of return, they go off the charts. The break-even gas price, \$0.40 to less than \$0.10. We run it at \$40 and \$2.50. You don't lose a lot. It just gets back to how prolific it is. \$2 million to \$15 million of PV10. The returns are still significantly high, and the breakeven gas price barely moves. It goes to \$0.60 in the low case, for the normal pressured areas, still less than \$0.10. So, you've got a gas resource, a very wet gas resource, where you're virtually going to get the gas for free.

I've mentioned that we had two successful oil tests. I'll talk about the Bone Springs first, the Mont Blanc 2H. This is the only well, quite frankly. I kind of broke up the pattern and made them drill this well. But, the Mont Blanc 2H, it's a 4,100 foot lateral. It's in the third Bone Springs, 43 degree API gravity, 854 barrels oil, and 1.5 million, going to be very, very prolific.

Additionally, from a vertical well we're drilling, the Redwood, the Wolfcamp, this well while drilling flowed on us for over five days. We finally decided we ought to get some testing facilities out there. This thing was flat. This is not unstimulated, just a vertical section in the Wolfcamp, 700 barrels of oil a day, flat for over 10 days, 4.5 million cubic feet of gas, 45 degree API, 1,300 BTU. The Wolfcamp and the Bone Springs may be significantly more economic than even the Woodford and the Barnett that I've shown you. We're just not at a point, quite frankly, where we've had time to even start to delineate and test these.

Our next steps obviously are going to be starting to test the other zones, the Penn, the Wolfcamp, and the Bone Springs. We will be delineating -- to continue to delineate the Woodford and the Barnett. We will be testing spacing and landing zones. We've got to still work on the geographic and stratigraphic extent of this play. Second half of this year we will be installing temporary processing capacity so we can do the testing. And by the middle of next year, we'll have our in-field processing and gathering in, and now we can finally start talking about and scoping what we will do from a midstream perspective, which we're very excited about.

The nice thing about this is we'll be able to tie back to Waha. Clearly there's a need for gas in Mexico. We're going to be at the front of the line with a tremendous resource. So, we're very excited. We are selling the oil, NGLs. We're getting premium prices for both, and we project that we're going to be able to bring on the wells and start selling the gas in the second half of 2017.

One of the questions, how do you hold it. The nice thing is, since this is all stacked, a four- to five-rig program, and this assumes we do no pooling and no land deal, so this is probably twice what it should be. Four to five rigs, 60 to 80 wells a year, will hold the entire position.



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We're going to raise our capital guidance this year to \$2 billion. If you look at our program this year now, 25% of it will be going to Alpine, the Alpine High. 40% of that number's on infrastructure. If you go back and look, we raised capital through our efficiencies in the international. But, all of our adds this year have gone into the Permian and into the Alpine High play such that today, when you look back -- we started out with a range at the 1.4 to 1.8, 1.6. We cut it 900 international, 700 North America. That range was heavily weighted 55%-45% international. You're going to see that flip. We're going to actually end this year with more capital being spent in North America, and this play is going to take a quarter of it.

A preview into 2017. We're going to continue to actively manage our portfolio. As this rolls forward over the next couple of years, it's going to give us the opportunity to continually assess our portfolio. We're going to budget conservatively, like we've done for the last 18 months. We will set a range. We will gear our economics, gear our capital structure, gear our financial structure to that. And then, when prices are above that, it puts us in a position to take advantage of it, like we've done this year.

We're going to be able to return North America's production trajectory to growth. We will increase development activity in our Midland and Delaware Basin core areas that we've talked about. We're going to be running four to five rigs or more in the Alpine High. We will do our delineation and start to ramp our production in the back half of 2017. We will be focused on cost and optimization everywhere. And then, we've also got the SCOOP, the Montney, the Duvernay, and our other plays that we will fund as cash flow and pricing assumptions enable.

On the international side, we're going to continue to invest and sustain our production in free cash flow in both Egypt and North Sea. We've got some exciting things going on there. We will continue to build on our track record of low risk, step out exploration. We've got some key wells and some exciting things to talk about in Egypt at some point. And right now, from our November update of last year, we're drilling our store (ph) well, and our Canord (ph) well will be next in the North Sea. At some point we'll be able to talk about those exploration targets. And then, we have a high impact exploration program for Surinam planned for early 2017 for block 53, and then we should be concluding shooting seismic on block 58, which we own 100% ourselves right now.

My concluding slide. If you happen to come visit us in our office, in my conference room you'll see this slide. I mean, our vision is to be the premiere exploration and production company, with global assets focused on North American growth. We've successfully navigated, or are navigating the downturn. We have world-class assets and people. We have the technical expertise and capabilities to create organic new plays from scratch. We have a strong financial position, and we've positioned Apache for strong returns and more opportunity than we've ever had in our 60-year history.

Thank you.

QUESTIONS AND ANSWERS

Tom Driscoll - Barclays - Analyst

Hey, John, I bet it feels good. We're going to do a breakout down the hall in a bit, but can I ask just one question that I think a lot of us are curious about? As people go around today, there's a lot of your competitors in the hallways and in the rooms, and I suspect fair numbers of them will be asked about their views of this play. How much do your peers know about this play, and what might they be likely to say?

John Christmann - Apache Corp - President and CEO

They know very little. I mean, I'll go back to that slide where the perception was wrong about this area geologically, and it took some very, very strong individuals working very detailed work over a couple years to unravel what is a hidden diamond in the rough.

Tom Driscoll - Barclays - Analyst

Okay, thank you. With that, we're down to two seconds. John will be down the hall with the team and available for Q&A. Thank you very much.



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John Christmann - *Apache Corp - President and CEO*

Thank you.

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